

Chawla Panel Set to Submit Joint Audit Report

Feedback from stakeholders industry feels joint exercise will not improve performance but cause confusion and increase expenditure

Vinod Mahanta & Sachin Dave

Mumbai: The countdown for an answer to the question of joint audits has likely begun, with an expert panel led by the former competition regulator set to give the government its report on the viability of simultaneously engaging two auditors to examine company books.

The Ashok Chawla-headed committee's recommendations to the Ministry of Corporate Affairs (MCA) would likely hasten a decision on the subject that involves multiple stakeholders: chief financial officers of India Inc and local audit firms' and Big Four auditors.

Over the past few months, committee members Chawla, industrialist Hari Bhatta, and Reserve Bank of India (RBI) deputy governor N S Vishwanathan have held several rounds of discussions with the various stakeholders to assess their opinion on topics as varied as joint audits and restrictive covenants. The panel's recommendations come amidst a growing equity culture in the country, underscoring the need for more transparency and quality in oversight functions and audited financial statements.

While the contents of the discus-

Doing A Double Take

ASHOK CHAWLA-HEADED COMMITTEE WILL SUBMIT RECOMMENDATIONS TO THE MCA

SUBJECT INVOLVES MULTIPLE STAKEHOLDERS IN CFOs OF INDIA INC AND AUDITORS

COMMITTEE MEMBERS, RBI DY GOVERNOR & INDUSTRIALIST HARI BHARTIA HAVE HELD DISCUSSIONS

Some CFOs say joint audits could lead to high costs, administrative issues on division of responsibility and accountability

"ISSUES WILL ARISE ON QUALITY, SCOPE OF WORK, COMPLIANCE, INCREASED COSTS AND ACCOUNTABILITY WHILE WORK WILL INCREASE FOR COMPANIES I AM NOT SURE IF QUALITY WOULD GO UP" ANIL SHARMA, CFO, HEIDELBERG CEMENT



sions are not out in public, ET spoke with multiple people present in the representations to stitch together a story of what went on in these closed-door meetings amongst the panel members and stakeholders.

Some CFOs and business leaders representing industry groups, such as CII, FICCI and ASSOCHAM, said they told the committee that the choice of the auditor should be left to the company's discretion. They said joint audits could lead to higher costs, and a host of administrative

issues pertaining to proper division of responsibility and accountability would crop up.

Business leaders said that previous experiments with mandatory joint audits in countries such as Canada, Sweden, Denmark and South Africa were ultimately ended as the practice only inflated costs without demonstrating tangible beneficial impact on audit quality.

Company financial officers believe joint audits will complicate matters. "Issues will arise on quality, scope

of work, compliance, increased costs and accountability. While work will increase for companies, I am not sure if quality would go up," says Anil Sharma, CFO, Heidelberg Cement.

"For a small company like ours, which is a subsidiary of a private MNC, these regulatory changes become a burden. We have our own global checks and balances and we are comfortable with our present auditors. Changes like these add to the perception that India is a difficult place to do business," adds Tina Rawal, CFO, Hines, a New Delhi based fund and real estate developer.

On restrictive covenants — clauses that specifically mention hiring Big Four firms — the industry representatives said these did not prejudice any particular firm but the law and shareholder approval give companies the discretion to choose their auditors. They also pointed that more than 170 Indian audit firms have international affiliations.

The representatives of The Institute of Chartered Accountants of India also met with the committee members and put forth their arguments. "The institute is looking at what is important from an enhanced governance perspective in large companies," says Nilesh Vikramsey,

Vice President, ICAI.

Indian audit firms focused on four points — extreme concentration of audit fees among the Big Four; systemic risks that audit concentrations leads to, adverse effect of audit rotation on Indian firms and how the Chinese policy of nurturing local firms should be followed. "It's an issue of national interest with long-term consequences for the Indian audit profession," says Raghav Iyer, CEO at auditing firm KS Aiyar & Co. The Big Four firms have their own concerns about joint audits.

"What if the promoter gets the smaller firm to audit the risky work? How can I sign the accounts if I am not sure of what the other auditor has done?" says head of audit for a Big Four firm.

In July, leaders from top Indian audit firms met in Mumbai to discuss ways to combat the increasing influence of multinational audit firms. After that meeting, Aiyar, on behalf of the Indian firms, had drafted a petition to the prime minister. In the petition, Aiyar pointed to the alleged hegemony of the Big Four auditing multinationals and how the Indian audit firms were facing an unfair playing field vis-à-vis the Big Four that, the petition alleged, were breaking local rules.

दरों में होनी चाहिए 0.5 से 0.75% की कटौती: एसोचैम

नई दिल्ली। लोन में मामूली बढ़ोत्तरी और कम मांग को देखते हुए आरबीआई को ब्याज दर में 0.5-0.75 फीसदी की कटौती करनी चाहिए। उल्लेखनीय है कि सरकार ने बैंकों से ब्याज दर में होने वाली कटौतियों को जनता तक पहुंचाने को कहा है। नोटबंदी के कारण बैंकों को तगड़ा मुनाफा हुआ है। ये बातें एसोचैम ने कहीं। अगली द्विमासिक नीतिगत समीक्षा के लिए आरबीआई की मौद्रिक नीति समिति की बैठक 7-8 फरवरी को होने वाली है। इसे देखते हुए एसोचैम ने

केंद्रीय बैंक और वित्त मंत्रालय से ब्याज दरों में कटौती को जनता तक पहुंचाया जाना सुनिश्चित करने की अपील की है। एसोचैम ने विज्ञप्ति में कहा कि उद्योग नीतिगत ब्याज दरों में कम से कम 50-75 आधार अंकों की कटौती की उम्मीद कर रहा है और उसका मानना है कि बैंकों द्वारा कर्जदारों तक इसका पूरा लाभ पहुंचाया जाना चाहिए। ऐसा इसलिए क्योंकि नोटबंदी से बैंकों को चालू और बचत खातों में जमा से अत्यधिक सस्ते फंड के रूप में तगड़ा मुनाफा हुआ है।

नीतिगत दरों में हो 0.75% कटौती

नोटबंदी से बैंकों को हुआ भारी मुनाफा : एसोचैम

■ नई दिल्ली।

ऋण की वृद्धि सुस्त रहने और कमजोर मांग के बीच रिजर्व बैंक को ब्याज दरों में 0.5 से 0.75 प्रतिशत की कटौती करनी चाहिए। साथ ही बैंकों से इसका लाभ ग्राहकों को स्थानांतरित करने को भी कहा जाए क्योंकि नोटबंदी की वजह से उन्हें 'अप्रत्याशित लाभ' हुआ है। यह बात उद्योग संगठन एसोचैम ने कही।

रिजर्व बैंक की मौद्रिक नीति समिति की अगली द्विमासिक मौद्रिक समीक्षा के अलाए अगली बैठक 7-8 फरवरी को होने जा रही है। उद्योग मंडल एसोचैम ने केंद्र और वित्त मंत्रालय से यह सुनिश्चित करने को कहा है कि ब्याज दरों में कटौती का लाभ उचित तरीके से स्थानांतरित

हो। एसोचैम ने कहा कि उद्योग ब्याज दरों में 0.50 से 0.75 प्रतिशत कटौती की उम्मीद कर रहा है और बैंकों को इसका पूरा लाभ उपभोक्ताओं को स्थानांतरित करना चाहिए।

उद्योग मंडल ने कहा कि नोटबंदी की

वजह से बैंकों को चालू खाते-बचत खाते (कासा) में सस्ते कोष के रूप में अप्रत्याशित लाभ हुआ है। कासा की दर सिर्फ तीन से चार प्रतिशत है और ऋण की आधार दर करीब दो अंकीय है। ऐसे में बैंक निचली दरों का लाभ ग्राहकों को स्थानांतरित कर सकते हैं। एसोचैम के अध्यक्ष सुनील कनोड़िया ने कहा कि बैंकों के बहुलांश स्वामित्व और नियामक के रूप में सरकार और रिजर्व बैंक के पास बैंकों को यह सलाह देने की भूमिका है वे ब्याज दरों में कटौती के लाभ को आगे स्थानांतरित करें। ■ भाषा /



मुनाफे का फायदा ग्राहकों को मिलना सुनिश्चित हो

अभी इसका फायदा ग्राहकों को नहीं दे रहे बैंक

